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ORIGINAL

October 2, 2008

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

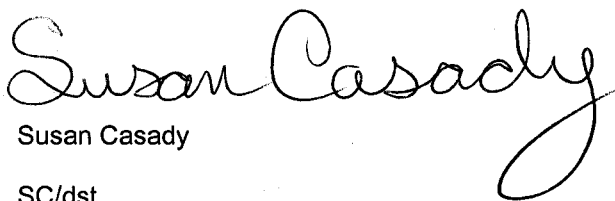
RE: Arizona Public Service Company's Revised Schedule EPR-2
Docket No. E-01345A-08-0353

Dear Sir or Madam:

Pursuant to Decision No. 70520 (September 30, 2008), enclosed please find both redline and non-redline versions of revised Schedule EPR-2.

If you have any questions or concerns please contact Greg Delizio at (602) 250-2704.

Sincerely,



Susan Casady

SC/dst

Attachments

CC: Ernest Johnson
Terri Ford
Barbara Keene
Steve Irvine

Arizona Corporation Commission
DOCKETED

OCT - 2 2008



AZ CORP COMMISSION
DOCKET CONTROL

2008 OCT - 2 PM 4:34

RECEIVED

**REDLINED
VERSION**



SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS

AVAILABILITY

This rate schedule is available in all territory served by the Company.

APPLICATION

This rate schedule is applicable to all cogeneration and small power production facilities with a nameplate continuous AC output power rating of 100 kW or less where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying status pursuant to Arizona Corporation Commission's Decision No. 52345 on cogeneration and small power production facilities. Applicable only to ~~q~~Qualifying ~~f~~Facilities (~~QF~~'s) electing to configure their systems as to require partial requirements service from the Company in order to meet their electric requirements.

TYPE OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at one standard voltage as may be selected by the customer (subject to availability at the premises). The ~~q~~Qualifying ~~f~~Facility will have the option to sell energy to the Company at a voltage level different than that for purchases from the Company; however, the ~~QF~~Qualifying Facility will be responsible for all incremental costs incurred to accommodate such an arrangement.

PAYMENT FOR PURCHASES FROM AND SALES TO THE CUSTOMER

Power sales and special services supplied by the Company to the customer in order to meet its supplemental or interruptible electric requirements will be priced at the applicable retail rate or rates.

The Company will pay the customer for any energy purchased as calculated on the standard purchase rate (see below).

MONTHLY PURCHASE RATE

Rate for pricing of energy, net of that for the customer's own use, that is delivered to the Company:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak ^{1/}	Off-Peak ^{2/}	On-Peak ^{1/}	Off-Peak ^{2/}
Summer Billing Cycles (May - October)	6.4867.400	4.5316.112	7.6309.631	5.3306.528
Winter Billing Cycles (November - April)	6.3845.767	4.9055.813	7.5105.767	5.7705.813

^{1/} On-Peak Periods: 9 a.m. to 9 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

^{2/} Off-Peak Periods: All other hours

These rates are based on the Company's estimated avoided energy costs and will be updated annually.



SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS

CONTRACT PERIOD

As provided for in any Supply /Purchase Agreement.

DEFINITIONS

1. Partial Requirements Service - Electric service provided to a customer that has an interconnected generation system configuration whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
2. Special Service(s) - The electric service(s) specified in this section that will be provided by the Company in addition to or in lieu of normal service(s).
3. Non-Firm Power - Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.
4. Firm Power - Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.
5. Time Periods - Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods.

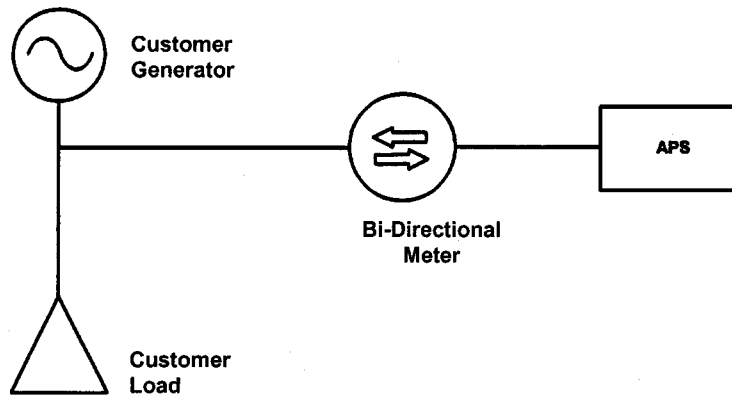
TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, Schedule 2, Terms and Conditions for Energy Purchases from Qualified Cogeneration or Small Power Production Facilities, and the Company's Interconnection requirements for Distributed Generation. This schedule has provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer interconnection or Supply/Purchase agreement.



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

METERING CONFIGURATION



**NON-REDLINED
VERSION**



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